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STATE SENATOR

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November 7, 2011

Members of the Senate Insurance Committee,

Below is some information and comments regarding Senate Bills 540-541:

Oral/IV Chemotherapy parity

SB 540/541 will amend the insurance code of 1956 and the nonprofit HMO reform act of 1980 in identical fashion.

These bills:

1. Require health care coverage providers to insure:

    A. Financial requirements for oral chemotherapeutic agents are not more restrictive than for covered IV or injected drugs (no separate charges for oral only)

    B. Treatment limitations for oral chemotherapy are not more restrictive than for Intravenous (IV)

    C. Providers cannot comply by increasing out of pocket costs for both or either

2. There are 13-14 states with similar laws enacted in the last 3 years and there are also 11 introduced this year. (All the Great Lakes states introduced or enacted)

3. Anti-cancer medication is covered as either a medical (office visit copay and nothing for the drug) or a pharmacy (highest tier copays for drug) benefit. The former applies to IV and injectable therapy delivered in a hospital or clinic setting and the latter applies to oral chemotherapy which can be taken at home. This difference leads to substantial cost differences for patients for the same drug depending on the location of therapy and the means of delivery. These differences disadvantage oral and home therapy. This discrepancy is approximately 7.3% between the most frequently prescribed outpatient anticancer drugs in each category (Texas). The National Patient Advocacy Foundation states this can be 25-30% of a drugs cost and thousands of dollars per month.

4. The legislation is not a mandate to cover oral chemo but is a mandate to cover oral Rx if chemo IS covered. According to the Texas Department of Insurance (2010) about 28% of oral chemo agents approved by the FDA have IV equivalents while 23% have generic. Choosing between routes of administration by patients is influenced by out of pocket costs. Unfortunately medical benefit plans usually contain a lower average cost sharing requirement as a percentage of total covered benefits, while prescription drug plans usually contain a higher average cost sharing requirement (Texas).

5. Oral Rx has significant advantages: the patient can administer at home (convenience) and continue working and frequently oral Rx has fewer side effects. Thus employers do not have an employee or a caregiver missing or leaving work and they do not have to pay for nursing or physician services, IVs, tubing or for monitoring equipment or clinic space. Disability costs may be significantly reduced.

6. Oral therapy may be more expensive than IV therapy but usually insignificantly if at all. It also may be less expensive. In general, in the states with oral chemo equity, the impact on insurance rates has been "negligible" (about 90% of insurers noted NO IMPACT in Indiana). In Texas for HMOs it is estimated to be less than $0.50 per member per month.

7. The Department of Community Health should post a bulletin on their website to alert and educate consumers of this statute.

Thank you for your consideration.

Senator Roger Kahn, M.D.